

1 **Education Cabinet**

2 **Kentucky Board of Education**

3 **Department of Education**

4 **(Amendment)**

5 **702 KAR 3:080. Fidelity [~~Treasurer's~~] bond, penal sum for Treasurer, Finance**

6 **Officer and others.**

7 RELATES TO: KRS 156.010, 160.560

8 STATUTORY AUTHORITY: KRS 156.029(7), 156.070

9 NECESSITY, FUNCTION, AND CONFORMITY: KRS 156.029(7) requires the Board of
10 Education to develop policies and to promulgate administrative regulations by which the
11 Department of Education shall be governed. KRS 156.070 authorizes the Board of
12 Education to promulgate administrative regulations necessary for the efficient
13 management, control, and operation of the schools and programs under its jurisdiction.
14 KRS 160.560 requires each local board of education treasurer to be bonded in accordance
15 with Kentucky Board of Education administrative regulations. This administrative
16 regulation establishes a penal sum for the bond of treasurer and requires the bonding of
17 other school employees.

18 Section 1. Definitions. (1) "Total current assets" means the 61XX series in the balance
19 sheet object codes as provided in the KETS District Administrative System Chart of
20 Accounts Descriptions incorporated by reference in 702 KAR 3:120.

(2) "Total revenue" means codes 1000-4999 in the revenue object codes as provided in the Uniform School Financial Accounting System [~~KETS District Administrative Chart of Accounts~~] incorporated by reference in 702 KAR 3:120.

Section 2. (1) A local board of education shall require a fidelity bond from the board treasurer, the finance officer, and others holding similar positions who are responsible for district funds and who receive and expend funds on behalf of the school district.

(2) A local board of education, on the advice of the Commissioner of Education, shall determine the amount of the penal sum of the fidelity bond for all employees by July 1st of each year.

(3) The local board of education shall submit the fidelity bonds to the Commissioner of Education for approval no later than July 31st of each year. A district shall not re-submit a multi-year bond for approval in subsequent years if the bond amount is still adequate.

~~[By July 1 of each year, a local board of education, on the advice of the Commissioner of Education, shall determine the amount of the penal sum of the bond of treasurer of the board and that of other school employees who are responsible for board of education funds.]~~

Section 3. A bond shall not be approved if the Commissioner of Education determines that the bond is inadequate to safeguard the funds of the district board of education, ~~[pursuant to the commissioner's authority in KRS 156.010.]~~

Section 4. ~~[A district board of education shall require the bonding of all employees who are responsible for board funds.]~~ The cost of bonds shall ~~[may]~~ be a liability of the general fund or of any account which the specific bond protects. The penal sum of any bond shall

- 1 be determined by the following table based on an exposure factor of twenty (20) percent of
2 the total current assets plus ten (10) percent of the total revenue in the prior fiscal year:

3 **REVISED EXPOSURE SCHEDULE**

EXPOSURE FACTOR	MINIMUM AMOUNT OF BOND
Up to \$25,000	\$2,500
\$25,001 to \$125,000	\$25,000
\$125,001 to \$400,000	\$50,000
\$400,001 to \$1,000,000	\$100,000
\$1,000,001 to \$2,000,000	\$150,000
\$2,000,001 to \$4,000,000	\$200,000
\$4,000,001 to \$6,000,000	\$300,000
\$6,000,001 to \$10,000,000	\$400,000
\$10,000,001 to \$15,000,000	\$600,000
\$15,000,001 to \$25,000,000	\$800,000
\$25,000,001 to \$75,000,000	\$1,000,000
\$75,000,001 to \$175,000,000	\$1,500,000
\$175,000,001 to \$500,000,000	\$2,000,000
\$500,000,001 to \$1,000,000,000	\$3,000,000
\$1,000,000,001 to \$1,500,000,000	\$4,000,000

4

This is to certify that the chief state school officer has reviewed and recommended this administrative regulation prior to its adoption by the Kentucky Board of Education, as required by KRS 156.070(4).

(Date)

Jon E. Draud
Commissioner of Education

(Date)

Joe Brothers, Chairperson
Kentucky Board of Education

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this proposed administrative regulation shall be held on September 23, at 10:00 a.m. in the State Board Room, 1st Floor, Capital Plaza Tower, 500 Mero Street, Frankfort, Kentucky. Individuals interested in being heard at this meeting shall notify this agency in writing five working days prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until September 30, 2008. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to Kevin C. Brown, Assistant General Counsel, Bureau of Operations and Support Services, Kentucky Department of Education, 500 Mero Street, First Floor, Capital Plaza Tower, Frankfort, Kentucky, 40601, phone 502/564-4474, fax 502/564-9321.